

Message Text

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ORIGIN SS-25

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EUR - AHARTMAN

C - HSONNENFELDT

S/S -ASHANKLE

AMBASSADOR GOULD

NSC - GEN. SCOWCROFT

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FM SECSTATE WASHDC

TO AMEMBASSY THE HAGUE IMMEDIATE

C O N F I D E N T I A L STATE 053948

EXDIS

E.O. 11652: GDS

TAGS: EAIR, NL

SUBJECT: KLM CAPACITY ISSUE

REF: THE HAGUE 925

FROM SECRETARY

1. I APPRECIATE YOUR ANALYSIS OF THE SITUATION SURROUNDING
OUR CIVIL AVIATION NEGOTIATIONS WITH THE NETHERLANDS, AND
I AGREE WITH YOUR CONCLUSION THAT THE TIME HAS COME TO
RESOLVE THE KLM PROBLEM.

2. WE HAVE CONSIDERED YOUR SUGGESTION THAT WE SEEK A
COMPROMISE OF A THREE-YEAR FREEZE AT THE LEVEL OF 18-20
WEEKLY FREQUENCIES, AND ARE NOT CERTAIN THE THREE-YEAR
FREEZE CONDITION WILL BE ACCEPTABLE TO THE DUTCH SINCE THEY
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ORIGINALLY PROPOSED IT AT A LEVEL OF 25 OR 26 FREQUENCIES

WEEKLY. MOREOVER, GIVEN THE UNCERTAINTIES OF FUTURE TRAFFIC DEMAND, THIS FEATURE IS VERY RISKY FOR US FROM AN AVIATION POINT OF VIEW. ALTHOUGH WE ARE ANXIOUS TO RESOLVE THE AVIATION ISSUE, A FREQUENCY LEVEL OF 20 GOES TOO FAR TO BE MEANINGFUL.

3. INSTEAD, I BELIEVE WE SHOULD SEEK A ONE-YEAR UNDERSTANDING BETWEEN THE OPTIMUM U.S. POSITION OF 14 FREQUENCIES AND THE INFORMAL DUTCH OFFER OF 21-22 FREQUENCIES I.E., 18 FREQUENCIES. THERE ARE A NUMBER OF COMPLEX TECHNICAL QUESTIONS RELATING TO THE SEATING CONFIGURATION OF AIRCRAFT, THE NUMBER OF FLIGHTS TO DIFFERENT U.S. CITIES, AND SEASONAL TRAFFIC DIFFERENCES WHICH MAKE IT NECESSARY TO EXPRESS ANY UNDERSTANDING IN SOME DETAIL. FOR THE MOMENT, HOWEVER, WE SHOULD SEEK GENERAL AGREEMENT IN PRINCIPLE ON A LEVEL OF 18 FREQUENCIES AND 540,000 SEATS FOR ONE YEAR LEAVING THE DETAILS TO BE WORKED OUT. THE SEAT CONSTRAINT IS NECESSARY BECAUSE, BY USING HIGH DENSITY CONFIGURATION AIRCRAFT, KLM COULD OPERATE AS MANY SEATS AS IT IS NOW OPERATING ON 18 FLIGHTS. THE 540,000 FIGURE IS VERY CLOSE TO THE SEAT CONSTRAINT IMPLIED IN EARLIER DUTCH OFFERS (ROUGHLY 600,000).

4. ACCORDINGLY, YOU SHOULD DELIVER THE FOLLOWING MESSAGE FROM ME TO VAN DER STOEL AND REPORT HIS REACTIONS TO IT AS SOON AS POSSIBLE.

5. QUOTE: DEAR MR. MINISTER:
I UNDERTOOK IN BRUSSELS TO BE IN TOUCH WITH YOU ON THE QUESTION OF KLM CAPACITY BEFORE ANY FINAL DECISIONS WERE MADE BY MY GOVERNMENT. CAB HAS NOW SUBMITTED RECOMMENDATIONS TO THE PRESIDENT WHICH I PERSONALLY DO NOT BELIEVE ARE ACCEPTABLE. I WOULD THEREFORE LIKE TO TRY OUT A COMPROMISE AND OBTAIN YOUR REACTION BEFORE I ADVISE THE PRESIDENT ON HIS DECISION.

I AM SURE YOU KNOW THAT I AM COMMITTED TO FINDING A WAY TO ACCOMMODATE THE DEEP CONCERNS WHICH YOU AND OTHERS HAVE EXPRESSED TO ME ON THIS MATTER. THERE IS NO QUESTION THAT WE VALUE HIGHLY THE TRADITIONAL CLOSE TIES BETWEEN OUR
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COUNTRIES AND THAT WE RECOGNIZE THE IMPORTANCE OF TRANSPORTATION, PARTICULARLY OF KLM, TO THE NETHERLANDS. YOU WILL ALSO UNDERSTAND, HOWEVER, THAT I MUST BE MINDFUL OF THE STRONG PRESSURES IN THIS COUNTRY TO ACHIEVE SOME ADJUSTMENT IN THE CURRENT AVIATION SITUATION. THE ANSWER, IT SEEMS TO ME, IS TO FIND SOME MIDDLE GROUND WHICH BOTH OUR GOVERNMENTS CAN LIVE WITH WITHOUT RANCOR.

MY BELIEF IS THAT WE CANNOT, IN THE NEAR TERM, RESOLVE THE UNDERLYING ISSUES OF CAPACITY PRINCIPLES AND IMBALANCE. WE ARE QUITE PREPARED TO PUT THESE QUESTIONS ASIDE, WHILE PRIVATELY RESERVING OUR POSITION, IF YOUR GOVERNMENT--OR KLM WILL AGREE THAT KLM WILL PUBLISH AND OPERATE A SPECIFIC SCHEDULE OF OPERATIONS TO THE UNITED STATES FOR THE COMING SUMMER AND WINTER SEASONS. I HAVE IN MIND A

COMPROMISE OF A TOTAL OF 18 WEEKLY FREQUENCIES AND 540,000 SEATS, WHICH IS HALFWAY BETWEEN OUR LAST OFFER OF 14 FREQUENCIES AND MINISTER WESTERTERP'S INFORMAL OFFER OF 21 OR 22 AND IS MORE THAN HALFWAY IN TERMS OF SEATS. HOW THESE FREQUENCIES SHOULD BE DIVIDED AMONG U.S. CITIES AND TYPES OF AIRCRAFT USED SHOULD BE DISCUSSED AT ANOTHER LEVEL.

WE COULD BRING SUCH AN UNDERSTANDING INTO EFFECT BY A JOINT ANNOUNCEMENT, BY VOLUNTARY ACTION BY KLM, OR BY ANY OTHER APPROPRIATE MEANS.

I WOULD VERY MUCH APPRECIATE YOUR EARLIEST REACTION BECAUSE WE ARE BEING PRESSED FOR A DECISION. BUT I CAN ASSURE YOU THAT THE PRESIDENT WILL NOT TAKE ACTION UNTIL HE HEARS THE RESULT OF OUR EXCHANGE. DESPITE MY MOVEMENTS IN THE MIDDLE EAST, I CAN ALSO ASSURE YOU THAT YOUR REPLY WILL HAVE MY PERSONAL ATTENTION. WARM REGARDS.
HENRY A. KISSINGER. UNQUOTE

6. AMBASSADOR GOULD HAS REVIEWED THIS INSTRUCTION AND ASKS THAT IT BE DELIVERED PROMPTLY WITH A REQUEST THAT IT BE PASSED TO THE FOREIGN MINISTER ASAP.

7. FYI. ON MARCH 5, CAB SENT TO PRESIDENT PROPOSED ORDER
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WHICH WOULD REQUIRE KLM TO REDUCE ITS SERVICES TO U.S. TO 14 WEEKLY FLIGHTS. PRESIDENT HAS TEN DAYS WITHIN WHICH TO DISAPPROVE OR STAY PROPOSED ORDER; IF HE DOES NOT DO SO, ORDER BECOMES EFFECTIVE AT END OF TEN-DAY PERIOD AND FLIGHT REDUCTIONS MUST BE MADE 30 DAYS THEREAFTER. PRESIDENT'S DECISION WOULD BECOME PUBLIC ON OR ABOUT MARCH 17. CHARGE MAY ADVISE FONOFF OF PROPOSED CAB ACTION IF THEY INQUIRE AS TO MEANING OF SECOND SENTENCE OF FIRST PARA OF SECRETARY'S MESSAGE. END FYI. INGERSOLL

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